# Cash Management Improvement Act Agreement
# between
# The State of South Carolina
# and
# The Secretary of the Treasury,
# United States Department of the Treasury

The Secretary of the Treasury, United States Department of the Treasury (hereafter 'Secretary'), and State of South Carolina (hereafter 'State'), in order to implement Section 5 of the Cash Management Improvement Act of 1990, as amended (hereafter 'Act'), agree as follows:

1.0 AGENTS OF THE AGREEMENT

1.1 The Authorized Official(s) for the State of South Carolina shall be the the State Treasurer in all matters concerning this Agreement.

1.2 The Assistant Commissioner, Revenue Collections Management, Bureau of the Fiscal Service (Fiscal Service), U.S. Department of the Treasury, shall act as the Secretary's representative in all matters concerning this Agreement.

2.0 AUTHORITY

2.1 The authority for this Agreement is the Cash Management Improvement Act of 1990 (Public Law 101-453), as amended by the Cash Management Improvement Act of 1992 (Public Law 102-589), codified at 31 U.S.C. 6501 and 31 U.S.C. 6503.

2.2 The regulations codified at 31 CFR Part 205 shall apply to all matters pertaining to this Agreement, and are incorporated herein by reference herein. In the event of any inconsistency between this Agreement and 31 CFR Part 205, the regulations shall govern.

3.0 DURATION, AMENDING, TERMINATING, AND MISCELLANEOUS PROVISIONS

3.1 This Agreement shall take effect on 07/01/2012 and shall remain in effect until 06/30/2013.

3.2 This Agreement may be amended at any time by written, mutual consent of the State and the Fiscal Service. This Agreement shall be amended annually to incorporate new programs that qualify as major Federal assistance programs and remove programs that no longer qualify as major Federal assistance programs. A State must notify the Fiscal Service in writing within 30 days of the time the State becomes aware of a change that involves additions or deletions of programs subject to Subpart A, changes in funding techniques, and/or changes in clearance patterns. The notification must include a proposed amendment for review by the Fiscal Service.

3.3 Notwithstanding section 3.2, in the event of Federal or State non-compliance with Subpart B of 31 CFR, Part 205, the Fiscal Service may amend this Agreement at any time to incorporate additional programs and the entities that administer those programs.

3.4 This Agreement may be terminated by either party with 30 days' written notice. If this Agreement is terminated, the Fiscal Service will prescribe the funding techniques, clearance patterns, and methods for calculating interest liabilities to be used by the State.

4.0 PROGRAMS COVERED

4.1 The State's threshold and its major Federal assistance programs shall be determined based on the most recent State Wide Single Audit information for fiscal year ending 06/30/2011.

All major Federal assistance programs shall be covered by this Agreement, unless otherwise specified in section 4.4 of this Agreement.

4.2 The State's threshold for major Federal assistance programs is $60,000,000.

The following programs meet or exceed the threshold and are not excluded in Section 4.4:

10.551 Supplemental Nutrition Assistance Program
10.555 National School Lunch Program
10.557 Special Supplemental Nutrition Program for Women, Infants, and Children
14.195 Section 8 Housing
17.225F Unemployment Insurance -- Federal Benefit Account and Administrative Costs
17.225S Unemployment Insurance -- State Benefit Account
20.205 Highway Planning and Construction
66.458 Capitalization Grants for State Revolving Funds
84.010 Title I Grants to Local Educational Agencies
84.027 Special Education -- Grants to States
93.558 Temporary Assistance for Needy Families
93.767 Children's Health Insurance Program
93.778 Medical Assistance Program

4.3 The following programs fall below the State's threshold but have been required to be covered by FMS in accordance with the non-compliance provisions of Subpart B of 31 CFR Part 205:

There are currently no programs listed for Section 4.3.

4.4 The following programs exceed the State's threshold but have been excluded from coverage for the reason indicated:

84.391 Special Education Grants to States, Recovery Act --- Exclusion:Discontinued

4.5 Total expenditure of Federal financial assistance for all programs was $12,944,655,155

5.0 ENTITIES COVERED

5.1 State agencies and instrumentalities that meet the definition of a State per 31 CFR Part 205, shall be subject to the terms of this Agreement. The following is a list of such entities that administer funds under the programs listed in Section 4.0 of this Agreement:

Department of Employment and Workforce
Department of Health & Environmental Control
Department of Health & Human Services
Department of Social Services
Department of Transportation
State Department of Education
State Housing Authority

5.2 Entities that meet the definition of a Fiscal Agent per 31 CFR Part 205 shall be subject to the terms of this Agreement. The following is a list of Fiscal Agents that administer funds under the programs listed in the Section 4.0 of this Agreement:

COVANSYS 10.557 Special Supplemental Nutrition Program for Women, Infants, and Children
JPMorgan 10.551 Supplemental Nutrition Assistance Program

6.0 FUNDING TECHNIQUES

6.1 General Terms

6.1.1 The State shall request Federal funds in accordance with the appropriate cut-off times shown in Exhibit I to ensure funds will be received and credited to a State account by the times specified in the funding techniques. Exhibit I is incorporated by reference herein.

6.1.2 The State shall schedule the receipt of Federal funds such that the funds are received and credited to a State account in accordance with the clearance patterns specified in Exhibit II - List of State Clearance Patterns. Exhibit II is incorporated by reference herein.

6.1.3 In instances where the receipt of funds is scheduled for a Saturday, the State shall request funds for deposit on Friday. In instances where the receipt of funds is scheduled for a Sunday, the State shall request funds for deposit on Monday. In instances where the receipt of Federal funds is scheduled for deposit on a day when the State is not open for business, the State shall request funds for deposit the day following the scheduled day; in instances where the receipt of Federal funds is scheduled for deposit on a day when the Federal Government is not open for business, the State shall request funds for deposit the day prior to the scheduled day.

6.1.4 Estimates and Reconciliation of Estimates:
Where estimated expenditures are used to determine the amount of the drawdown, the State will indicate in the terms of the State unique funding technique how the estimated amount is determined and when and how the State will reconcile the difference between the estimate and the State's actual expenditures.

6.1.5 Supplemental Funding:
Unless otherwise defined by program rules, Supplemental Funding is the award of additional funds to provide for an increase in costs due to unforeseen circumstances.

The State will comply with all Federal program agency policies and procedures for requesting supplemental grant funding.

The State will comply with the following guidelines when requesting supplemental funding for the Medical Assistance Program and associated administrative payments (CFDA 93.778):

The State must submit a revised Medicaid Program Budget Report (CMS-37) to request supplemental funding. The CMS guidelines and instructions for completing the CMS-37 are provided in Section 2600F of the State Medicaid Manual (SMM). The CMS/CO must receive the revised Form CMS-37 through the Medicaid Budget Expenditure System/Children's Budget Expenditure System (MBES/CBES) no later than 10 calendar days before the end of the quarter for which the supplemental grant award is being requested.

Additional guidance on this policy is available from the respective CMS Regional Office, U.S. Department of Health & Human Services.

The State will comply with the following guidelines when requesting supplemental funding for TANF (CFDA 93.558), CCDF (CFDA 93.575), CSE (93.563), and the FC/AA (CFDA 93.658 and CFDA 93.659) programs administered by the U.S. Department of Human Services, Administration for Children and Families (HHS/ACF):

a. Timing of the Request

A State should initiate its request for supplemental funding during a quarter as soon as it becomes aware of the fact that a shortfall does/will exist. For the TANF and CCDF grants, supplemental funding requests (estimates) may be submitted by a State, for consideration by ACF, up through and including the 15th day of the third month of the first, second or third quarter of any fiscal year. Since TANF and CCDF are block grant programs, all unawarded portions of the annual allotment will automatically be issued at the beginning of the fourth quarter. Therefore, supplemental funding requests will not be available during the fourth quarter for these programs. For the CSE and FC/AA programs, supplemental funding requests may be submitted by a state, for consideration by ACF, up through and including the 15th day of the third month of any quarter of a fiscal year.

b. Justification for the Request

The request for a supplemental funding for any of the above mentioned programs should contain a justification clearly documenting the need for the additional funding authority during the current quarter. This documentation should be in the form of State accounting records or similar documents that will show the actual expenditures through the most recent month for which such data are available, as well as the State's most accurate projection of its anticipated expenditures during the remaining month(s) of the quarter. For either the TANF or the CCDF program, the State's justification should also include an explanation of the activities requiring the obligation and/or expenditure of amounts that exceed the normal quarterly grant award restrictions and why these activities could not have been delayed until the next quarter.

c. Form Submittal

Supplemental funding requests should be made by completing the appropriate ACF quarterly report of expenditures and estimates applicable to the particular program for which the grant award request is being made.

d. Approval Process

Upon receipt of the state's request for additional funding authority for a quarter, the ACF Regional Office will promptly review the supporting documentation. If the request is properly justified, so long as ACF has adequate funding availability, the State's request will be expedited and supplemental funding will be issued within 5 days of ACF receiving the request. The State will be notified by the Regional Office when the supplemental award has been transmitted to the Payment Management System (PMS) and when it may initiate drawdowns against the supplemental funding.

Additional guidance on this policy is provided in the U.S. Department of Health & Human Services, Administration for Children and Families, letter (May 19, 2004) to State Administrators from the Deputy Assistant Secretary for Administration.

6.2 Description of Funding Techniques

6.2.1 The following are terms under which standard funding techniques shall be implemented for all transfers of funds to which the funding technique is applied in section 6.3.2 of this Agreement.

Actual Clearance, ZBA - Same Day Payment

The State shall request funds the same day it pays out funds, in accordance with the appropriate Federal agency cut-off time specified in Exhibit I.A Federal agency will deposit funds in a State account the same day as requested.The amount of the request shall be for the amount of funds that clear the State's account that day. This funding technique is interest

neutral.

Pre-Issuance

The State shall request funds such that they are deposited in a State account not more than three business days prior to the day the State makes a disbursement.The request shall be made in accordance with the appropriate Federal agency cut-off time specified in Exhibit I.The amount of the request shall be the amount the State expects to disburse. This funding technique is not interest neutral.

6.2.2 The following are terms under which funding techniques for administrative costs shall be implemented for all transfers of funds to which the funding technique is applied in section 6.3.2 of this Agreement.

There are no funding techniques listed in Section 6.2.2

6.2.3 The following are terms under which miscellaneous funding techniques shall be implemented for all transfers of funds to which the funding technique is applied in section 6.3.2 of this Agreement.

There are no funding techniques listed in Section 6.2.3

6.2.4 The following are terms under which State unique funding techniques shall be implemented for all transfers of funds to which the funding technique is applied in section 6.3.2 of this Agreement.

There are no funding techniques listed in Section 6.2.4

6.3 Application of Funding Techniques to Programs

6.3.1 The State shall apply the following funding techniques when requesting Federal funds for the component cash flows of the programs listed in sections 4.2 and 4.3 of this Agreement.

6.3.2 Programs

Below are programs listed in Section 4.2 and Section 4.3.

10.551 Supplemental Nutrition Assistance Program
Recipient: Department of Social Services
% of Funds Agency Receives: 100.00
Component: Direct Assistance Payments
Technique: Actual Clearance, ZBA - Same Day Payment
Average Day of Clearance: N/A

10.555 National School Lunch Program
Recipient: State Department of Education
% of Funds Agency Receives: 100.00
Component: Payments to Local Education Agencies (LEAs), State Agencies, and Other Entities
Technique: Pre-Issuance
Average Day of Clearance: N/A

10.557 Special Supplemental Nutrition Program for Women, Infants, and Children
Recipient: Department of Health & Environmental Control

% of Funds Agency Receives: 68.00
Component: Direct Payments to Clients
Technique: Pre-Issuance
Average Day of Clearance: N/A

Recipient: Department of Health & Environmental Control
% of Funds Agency Receives: 4.00
Component: Indirect Costs
Technique: Pre-Issuance
Average Day of Clearance: N/A

Recipient: Department of Health & Environmental Control
% of Funds Agency Receives: 28.00
Component: Payroll
Technique: Pre-Issuance
Average Day of Clearance: N/A

14.195 Section 8 Housing
Recipient: State Housing Authority
% of Funds Agency Receives: 100.00
Component: Request for Payments from Vendors
Technique: Pre-Issuance
Average Day of Clearance: N/A

17.225F Unemployment Insurance -- Federal Benefit Account and Administrative Costs
Recipient: Department of Employment and Workforce
% of Funds Agency Receives: 1.00
Component: Administrative Costs
Technique: Pre-Issuance
Average Day of Clearance: N/A

Recipient: Department of Employment and Workforce
% of Funds Agency Receives: 93.00
Component: Direct Payments to Beneficiaries
Technique: Pre-Issuance
Average Day of Clearance: N/A

Recipient: Department of Employment and Workforce
% of Funds Agency Receives: 1.00
Component: Indirect Costs
Technique: Pre-Issuance
Average Day of Clearance: N/A

Recipient: Department of Employment and Workforce
% of Funds Agency Receives: 5.00
Component: Payroll

Technique: Pre-Issuance
Average Day of Clearance: N/A

17.225S Unemployment Insurance -- State Benefit Account
Recipient: Department of Employment and Workforce
% of Funds Agency Receives: 100.00
Component: Direct payments to beneficiaries
Technique: Pre-Issuance
Average Day of Clearance: N/A

20.205 Highway Planning and Construction
Recipient: Department of Transportation
% of Funds Agency Receives: 95.00
Component: Construction and Direct Payments
Technique: Pre-Issuance
Average Day of Clearance: N/A

Recipient: Department of Transportation
% of Funds Agency Receives: 5.00
Component: Payroll
Technique: Pre-Issuance
Average Day of Clearance: N/A

66.458 Capitalization Grants for State Revolving Funds
Recipient: Department of Health & Environmental Control
% of Funds Agency Receives: 95.00
Component: Direct Costs
Technique: Pre-Issuance
Average Day of Clearance: N/A

Recipient: Department of Health & Environmental Control
% of Funds Agency Receives: 1.00
Component: Indirect costs
Technique: Pre-Issuance
Average Day of Clearance: N/A

Recipient: Department of Health & Environmental Control
% of Funds Agency Receives: 4.00
Component: Payroll
Technique: Pre-Issuance
Average Day of Clearance: N/A

84.010 Title I Grants to Local Educational Agencies
Recipient: State Department of Education
% of Funds Agency Receives: 1.00

Component: Direct Costs
Technique: Pre-Issuance
Average Day of Clearance: N/A

Recipient: State Department of Education
% of Funds Agency Receives: 98.00
Component: Payments to Local Education Agencies
Technique: Pre-Issuance
Average Day of Clearance: N/A

Recipient: State Department of Education
% of Funds Agency Receives: 1.00
Component: Payroll
Technique: Pre-Issuance
Average Day of Clearance: N/A

84.027 Special Education -- Grants to States
Recipient: State Department of Education
% of Funds Agency Receives: 3.00
Component: Direct Costs
Technique: Pre-Issuance
Average Day of Clearance: N/A

Recipient: State Department of Education
% of Funds Agency Receives: 95.00
Component: Payments to Local Education Agencies (LEA's)
Technique: Pre-Issuance
Average Day of Clearance: N/A

Recipient: State Department of Education
% of Funds Agency Receives: 2.00
Component: Payroll
Technique: Pre-Issuance
Average Day of Clearance: N/A

93.558 Temporary Assistance for Needy Families
Recipient: Department of Social Services
% of Funds Agency Receives: 21.00
Component: Direct Assistance Payments to Clients
Technique: Pre-Issuance
Average Day of Clearance: N/A

Recipient: Department of Social Services
% of Funds Agency Receives: 37.00
Component: Direct Costs
Technique: Pre-Issuance

Average Day of Clearance: N/A

Recipient: Department of Social Services
% of Funds Agency Receives: 12.00
Component: Indirect Costs
Technique: Pre-Issuance
Average Day of Clearance: N/A

Recipient: Department of Social Services
% of Funds Agency Receives: 30.00
Component: Payroll
Technique: Pre-Issuance
Average Day of Clearance: N/A

93.767 Children's Health Insurance Program
Recipient: Department of Health & Human Services
% of Funds Agency Receives: 90.00
Component: Direct Assistance Payments
Technique: Pre-Issuance
Average Day of Clearance: N/A

Recipient: Department of Health & Human Services
% of Funds Agency Receives: 8.00
Component: Indirect Costs
Technique: Pre-Issuance
Average Day of Clearance: N/A

Recipient: Department of Health & Human Services
% of Funds Agency Receives: 2.00
Component: Salaries and Other Direct Expenses
Technique: Pre-Issuance
Average Day of Clearance: N/A

93.778 Medical Assistance Program
Recipient: Department of Health & Human Services
% of Funds Agency Receives: 2.00
Component: Administrative costs
Technique: Pre-Issuance
Average Day of Clearance: N/A

Recipient: Department of Health & Human Services
% of Funds Agency Receives: 97.00
Component: Assistance Payments
Technique: Pre-Issuance
Average Day of Clearance: N/A

Recipient: Department of Health & Human Services

% of Funds Agency Receives: 0.00
Component: Indirect Costs
Technique: Pre-Issuance
Average Day of Clearance: N/A

Recipient: Department of Health & Human Services
% of Funds Agency Receives: 1.00
Component: Payroll
Technique: Pre-Issuance
Average Day of Clearance: N/A

6.3.3 Materiality Exemptions

Agencies exempt from coverage on the basis of materiality:

No agencies are exempt from coverage on the basis of materiality.

6.3.4 If the South Carolina Department of Transportation does not request funds at least weekly for CFDA 20.205, a federal interest liability may not accrue per 31 CFR Part 205.16(a). The funding technique for CFDA 20.205 is Pre-isssuance but the State will not claim an interest liability when the state does not request funds at least weekly.

7.0 CLEARANCE PATTERNS

7.1 The State shall develop separate clearance patterns for each of the following:

Payroll Expenses, Contingent Expenses, and Direct Benefits.

7.2 The following shall develop the State's clearance patterns:

The State Treasurer's Office Cash Management, Information Technology, Accounting and Financial Reporting divisions have developed the State s clearance patterns in section 7.1.

7.3 The sources of data the State shall use when developing its clearance patterns are as follows:

Financial information from the South Carolina State Accounting and Reporting System (STARS), the State Treasurer's Financial Management System (FMS) and actual bank data shall be used for payroll, contingent and direct benefit expenditures. The South Carolina Department of Employment and Workforce shall provide information/develop clearance patterns for the Unemployment Insurance programs. The South Carolina Department of Health and Human Services shall provide information/develop clearance patterns for the Medical Assistance Program, (CFDA 93.778). The state excludes transfers between funds (Journal Vouchers and Cash Transfers) and transfers between agencies in the same fund (Inter Departmental Transfers). These transfers occur on the same day.

7.4 The State shall use the following methodology when developing its clearance patterns:

When developing each clearance pattern, the State shall track at least 99% of the funds disbursed, from issuance to clearance, for a period of at least three months.

7.5 The State shall identify for each check or warrant (hereafter, check) in the population: (1) the date the check was released for payment; (2) the date the check was debited from the State's account, and, (3) the amount of the check.

7.6 The State shall use the following method to calculate the dollar-weighted average day of clearance:

To determine the number of days each check was outstanding (clearance time), the issue date shall be subtracted from the date the check cleared the State's account.

To determine the percentage of the disbursement paid out each day following issuance, the amount of the checks that clear the State's account each day shall be summed and then divided by the amount of the total disbursement.

For each day following issuance, the clearance time of the checks paid out that day shall be multiplied by the percentage of the total disbursement those checks represent. This product is the clearance factor.

The dollar-weighted average day of clearance for the disbursement shall be determined by summing the clearance factor of each day following the disbursement.

7.7 The State shall adjust each clearance pattern to reflect the dollar-weighted proportion of funds paid out by EFT/Direct payroll, with the following exceptions:

No exceptions.

The State shall also adjust each clearance pattern to reflect:

the contingent checks issued to the Department of Health and Human Services to fund the checks/EFTs issued to recipients on the Medicaid Bank Account. The State will pay one day of interest on the average daily cash balance of CFDA 93.778, as determined by STARS, for the one day that the contingent checks used to fund the Medicaid Bank Account are actually outstanding. The State will calculate the interest liability for CFDA 93.778 using the actual check clearing patterns of the checks issued on the Medicaid Bank Account.

7.8 Each of the State's clearance patterns is calculated in calendar days.

7.9 An authorized State official shall certify that each clearance pattern developed by the State accurately corresponds to the clearance activity of the programs to which it is applied. This certification shall be provided to the Fiscal Service prior to the effective date of the Agreement. The State shall recertify its clearance patterns at least every five years.

7.10 The State shall follow the procedures of 31 CFR 205 if it has actual or constructive knowledge, at any time, that a clearance pattern does not correspond to a program's clearance activity.

8.0 INTEREST CALCULATION METHODOLOGY

8.1 General Terms

8.1.1 The State and the Secretary agree that no interest liabilities will be incurred for transfers of funds made in accordance with the procedures specified in section 6 of this Agreement where the following funding techniques are applied:

Actual Clearance, ZBA - Same Day Payment

8.1.2 The State shall maintain information on disbursements and receipts of funds to verify the implementation of any funding technique and document interest liabilities.
For each disbursement, the State shall be able to identify:
(1) amount of the issuance

(2) date of issuance
(3) date Federal funds are received and credited to a State account
(4) amount of Federal funds received
(5) date funds were requested

8.2 Federal Interest Liabilities

8.2.1 A Federal interest liability shall accrue from the day the State pays out its own funds for program purposes to the day Federal funds are credited to a State account. With regard to funds transferred out of the Federal Highway Trust Fund, if a State does not bill at least weekly for current project costs, the Federal interest liability shall not accrue prior to the day the State submits a request for funds.

8.2.2 The State shall use the following method to calculate Federal interest liabilities:

The State shall track the actual cash activity for each Federal program by its own account. A negative cash balance at the close of business indicates that the State has paid out its own funds for program purposes in the absence of supporting Federal funds. A Federal interest liability shall be calculated by applying the annualized rate equal to the average equivalent yields of 13-week Treasury bills auctioned during the States fiscal year to a program's negative cash balance. This Federal interest liability shall be offset by the amount of interest that is earned while the check is outstanding for the calculated average number of days that a check is outstanding.

8.3 The Unemployment Trust Fund

8.3.1 The State shall use the following method to calculate State interest liabilities on funds withdrawn from the several accounts in the Unemployment Trust Fund:

The State shall use the following methodology to calculate State interest liabilities on funds withdrawn from the several accounts in the UTF under the Unemployment Insurance program.

Based on statements provided by its financial institution, or other appropriate source, the State shall determine the actual interest earnings and the related banking costs attributable to funds withdrawn from its account in the UTF.

At the end of the States fiscal year, the State shall calculate the percentage of its total unemployment compensation expenditures for (1) funds withdrawn from the State account in the UTF, or the State %, and (2) funds withdrawn from the Federal Employees Compensation Account (FECA) and the Extended Unemployment Compensation Account (EUCA) and any other accounts of Federal funds in the UTF, or the Federal %.

The State shall calculate the actual interest earnings and the related banking costs attributable to funds withdrawn from the State account in the UTF by multiplying the State % by the amount of the actual interest earnings and the related banking costs of the account as a whole. The States liability for interest on funds withdrawn from its account in the UTF shall consist of the actual interest earnings attributable to such funds less the related banking costs attributed to such funds.

The State shall determine the average daily cash balance of its unemployment compensation benefit payment account for its fiscal year. The State shall calculate the average daily cash balance of Federal funds by multiplying the Federal % by the average daily cash balance of the benefit payment account on the whole. The States liability for interest on funds withdrawn from the FECA and EUCA (and any other benefit accounts of Federal funds in the UTF from which the State draws funds) shall be the average daily cash balance of Federal funds multiplied by the annualized rate equal to the average equivalent yields of 13-week Treasury bills auctioned during the States fiscal year.

8.4 Refund Liabilities

8.4.1 The State shall be liable for interest on refunds from the date the refund is credited to a State account until the date the refund is debited from the State account for program purposes. The State shall apply a $50,000 refund transaction threshold below which the State shall not incur or calculate interest liabilities on refunds. A transaction is defined as a single deposit.

8.4.2 For each refund, the State shall maintain information identifying:
(1) date a refund is credited to a State account
(2) date of the subsequent deposit of Federal funds against which the refund is offset
(3) amount of the refund

8.4.3 The State shall use the following methodology to calculate interest liabilities on refunds:

With programs to which applicable interest neutral funding techniques shall be applied, the State shall determine the actual amount of refunds received during the State fiscal year for each program using the information in its standard Federal financial status reports. For each program, the State shall estimate the number of days that refunds are held prior to being offset against a subsequent deposit of Federal funds. This shall be calculated as the average number of days between drawdown deposits, which is determined by dividing the total number of drawdowns into 365, and assuming that all refunds are received at the midpoint of the average number of days between drawdowns.

With programs to which applicable non-interest neutral funding techniques shall be applied, the State shall also calculate the time refunds are in a State account by comparing the date the refund is offset against a subsequent deposit of Federal funds and the date the refund is paid out for program purposes. This period will be measured for each program in accordance with the State method for calculating interest under pre-issuance funding, and will be applied independently to the amount of refunds under each program to calculate the interest on refunds.

8.5 Exemptions

8.5.1 Where more than one State agency is a recipient of Federal funds under a program, a particular State agency's funding may be excluded from interest calculation procedures if the State agency receives an amount of funds less than 5 % of the State's threshold for major Federal assistance programs. Notwithstanding this potential exemption, however, in no case shall less than 90% of a program's total funding be subject to interest calculation procedures.

Proration of calculations: If less than total program funding is subject to interest calculation procedures, the resulting interest liability calculations shall be prorated to 100% of program funding.

8.6 State Interest Liabilities

8.6.1 The State shall be liable for interest on Federal funds from the date Federal funds are credited to a State account until the date those funds are paid out for program purposes.

8.6.2 The State shall use the following method to calculate State interest liabilities on Federal funds:

8.6.2.1 Measuring Time Funds Are Held

To determine the total time Federal funds are held, the State shall measure the time between the date Federal funds are receipted into the State's central accounting system and the date those funds are expended from the State's account.

8.6.2.2 Source of Data

The time period from the total time Federal funds are held shall be determined from information captured by the State's Statewide Accounting and Reporting System.

8.6.2.3 Standards Applied

Census (Average Daily Balance):
The average daily cash balance of Federal Funds in the program's account reflects the actual activity of each draw from the date of deposit to the date of issuance or clearance, whichever is pertinent.

8.6.2.4 Calculation Procedure

Average Daily Balance:
I = ADB x R, where

I = State's total interest liability

ADB = Average Daily Balance of cash in a program's account, measured from deposit to clearance

R = Annualized rate equal to the average equivalent yields of 13-week Treasury bills auctioned during a State's fiscal year

9.0 REVERSE FLOW PROGRAMS

The State is not required to cover any reverse flow programs under the terms of this Agreement because the program falls below the State's threshold.

10.0 INTEREST CALCULATION COSTS

10.1 As set forth in 31 CFR 205.27, interest calculation costs are defined as those costs necessary for the actual calculation of interest, including the cost of developing and maintaining clearance patterns in support of the interest calculations. Interest calculation costs do not include expenses for normal disbursing services, such as processing of checks or maintaining records for accounting and reconciliation of cash balances, or expenses for upgrading or modernizing accounting systems. Interest calculation costs in excess of $50,000 in any year are not eligible for reimbursement, unless the State provides justification with the annual report.

10.2 The State expects to incur the following types of interest calculation costs:

The costs of calculating interest, including the cost of developing and maintaining clearance patterns in support of interest calculations.

10.3 The State shall submit all claims for reimbursement of interest calculation costs with its Annual Report in accordance with 31 CFR 205.

11.0 NON-COMPLIANCE

11.1 The provisions of 31 CFR Part 205.29 and 31 CFR Part 205.30 shall apply in cases of non-compliance with the terms of this Agreement.

12.0 AUTHORIZED SIGNATURES

Curtis M. Loftis, Jr.
South Carolina State Treasurer

Signature: [redacted] Date Signed: 04/04/14

Date Submitted 03/18/2014

Kristine S. Conrath
Assistant Commissioner
Revenue Collections Management
Bureau of the Fiscal Service
U.S. Department of the Treasury

Signature: Kristine S Conrath Date Signed: 5/9/2014

# Exhibit I - Funds Request and Receipt Times Schedule
## State of South Carolina

| Federal Agency | Payment Type | Request Cut-Off Time | Receipt Window |
|---|---|---|---|
| Agriculture-FNS | ACH | 11:59 PM | 1 day |
| Agriculture-FNS | Fedwire | 5:45 PM | 0 day |
| Agriculture-FS | ACH | 3:00 PM | 1 day |
| Air National Guard | ACH | 12:00 PM | 15 days |
| Army National Guard | ACH | 12:00 PM | 15 days |
| Commerce-NOAA | ACH | 2:00 PM | 1 day |
| Dept of Homeland Security (FEMA) | Fedwire | 2:00 PM | 0 day |
| Dept of Homeland Security (ODP) | ACH | 2:00 PM | 2 days |
| Dept of Homeland Security (ODP) | Fedwire | 2:00 PM | 2 days |
| EPA | ACH | 2:00 PM | 2 days |
| EPA | Fedwire | 2:00 PM | 0 day |
| Education | ACH | 3:00 PM | 1 day |
| Education | Fedwire | 2:00 PM | 0 day |
| Energy | ACH | 4:00 PM | 1 day |
| Energy | Fedwire | 3:00 PM | 0 day |
| HHS | ACH | 6:30 PM | 1 day |
| HHS | Fedwire | 3:00 PM | 0 day |
| HUD | ACH | 5:30 PM | 2 days |
| HUD | Fedwire | 3:00 PM | 0 day |
| Interior-FWS | ACH | 11:59 PM | 1 day |
| Interior-FWS | Fedwire | 5:45 PM | 0 day |
| Interior-OSM | ACH | 3:00 PM | 1 day |
| Interior-OSM | Fedwire | 5:45 PM | 0 day |
| Justice | ACH | 11:00 PM | 6 days |
| Justice | Fedwire | 2:00 PM | 2 days |
| Labor-Non-UTF | ACH | 3:00 PM | 1 day |
| Labor-UTF | ACH | 3:00 PM | 1 day |
| Labor-UTF | Fedwire | 3:00 PM | 0 day |
| National Science Foundation (NSF) | ACH | 8:00 PM | 1 day |
| National Science Foundation (NSF) | Fedwire | 5:45 PM | 0 day |
| Social Security Administration | ACH | 11:59 PM | 1 day |
| Social Security Administration | Fedwire | 5:45 PM | 0 day |
| Transportation (FAA) | ACH | 2:00 PM | 1 day |
| Transportation (FHWA) | ACH | 12:00 PM | 3 days |
| Transportation (FHWA) | Fedwire | 12:00 PM | 0 day |
| Transportation (FTA) | ACH | 2:00 PM | 1 day |
| Veterans Administration | ACH | 12:00 PM | 3 days |

Exhibit II - State of South Carolina

# LIST OF STATE CLEARANCE TIMES

## (Rounded Dollar-Weighted Average Day of Clearance)

## Clearance Times Where the Timing of A Draw Down Is Based on A Clearance Pattern

| CFDA | Program Name | Recipient | % | Component | Technique | Rounded days |
|---|---|---|---|---|---|---|
| 10.551 | Supplemental Nutrition Assistance Program | Department of Social Services | 100.00 | Direct Assistance Payments | Actual Clearance, ZBA - Same Day Payment | N/A |
| 10.555 | National School Lunch Program | State Department of Education | 100.00 | Payments to Local Education Agencies (LEAs), State Agencies, and Other Entities | Pre-Issuance | N/A |
| 10.557 | Special Supplemental Nutrition Program for Women, Infants, and Children | Department of Health & Environmental Control | 4.00 | Indirect Costs | Pre-Issuance | N/A |
| 10.557 | Special Supplemental Nutrition Program for Women, Infants, and Children | Department of Health & Environmental Control | 68.00 | Direct Payments to Clients | Pre-Issuance | N/A |
| 10.557 | Special Supplemental Nutrition Program for Women, Infants, and Children | Department of Health & Environmental Control | 28.00 | Payroll | Pre-Issuance | N/A |
| 14.195 | Section 8 Housing | State Housing Authority | 100.00 | Request for Payments from Vendors | Pre-Issuance | N/A |
| 17.225F | Unemployment Insurance -- Federal Benefit Account and Administrative Costs | Department of Employment and Workforce | 1.00 | Indirect Costs | Pre-Issuance | N/A |
| 17.225F | Unemployment Insurance -- Federal Benefit Account and Administrative Costs | Department of Employment and Workforce | 93.00 | Direct Payments to Beneficiaries | Pre-Issuance | N/A |
| 17.225F | Unemployment Insurance -- Federal Benefit Account and Administrative Costs | Department of Employment and Workforce | 1.00 | Administrative Costs | Pre-Issuance | N/A |
| 17.225F | Unemployment Insurance -- Federal Benefit Account and Administrative Costs | Department of Employment and Workforce | 5.00 | Payroll | Pre-Issuance | N/A |
| 17.225S | Unemployment Insurance -- State Benefit Account | Department of Employment and Workforce | 100.00 | Direct payments to beneficiaries | Pre-Issuance | N/A |
| 20.205 | Highway Planning and Construction | Department of Transportation | 5.00 | Payroll | Pre-Issuance | N/A |
| 20.205 | Highway Planning and Construction | Department of Transportation | 95.00 | Construction and Direct Payments | Pre-Issuance | N/A |
| 66.458 | Capitalization Grants for State Revolving Funds | Department of Health & Environmental Control | 95.00 | Direct Costs | Pre-Issuance | N/A |
| 66.458 | Capitalization Grants for State Revolving Funds | Department of Health & Environmental Control | 4.00 | Payroll | Pre-Issuance | N/A |
| 66.458 | Capitalization Grants for State Revolving Funds | Department of Health & Environmental Control | 1.00 | Indirect costs | Pre-Issuance | N/A |

| CFDA | Program Name | Recipient | % | Component | Technique | Rounded days |
|---|---|---|---|---|---|---|
| 84.010 | Title I Grants to Local Educational Agencies | State Department of Education | 1.00 | Payroll | Pre-Issuance | N/A |
| 84.010 | Title I Grants to Local Educational Agencies | State Department of Education | 98.00 | Payments to Local Education Agencies | Pre-Issuance | N/A |
| 84.010 | Title I Grants to Local Educational Agencies | State Department of Education | 1.00 | Direct Costs | Pre-Issuance | N/A |
| 84.027 | Special Education -- Grants to States | State Department of Education | 95.00 | Payments to Local Education Agencies (LEA's) | Pre-Issuance | N/A |
| 84.027 | Special Education -- Grants to States | State Department of Education | 2.00 | Payroll | Pre-Issuance | N/A |
| 84.027 | Special Education -- Grants to States | State Department of Education | 3.00 | Direct Costs | Pre-Issuance | N/A |
| 93.558 | Temporary Assistance for Needy Families | Department of Social Services | 21.00 | Direct Assistance Payments to Clients | Pre-Issuance | N/A |
| 93.558 | Temporary Assistance for Needy Families | Department of Social Services | 37.00 | Direct Costs | Pre-Issuance | N/A |
| 93.558 | Temporary Assistance for Needy Families | Department of Social Services | 12.00 | Indirect Costs | Pre-Issuance | N/A |
| 93.558 | Temporary Assistance for Needy Families | Department of Social Services | 30.00 | Payroll | Pre-Issuance | N/A |
| 93.767 | Children's Health Insurance Program | Department of Health & Human Services | 8.00 | Indirect Costs | Pre-Issuance | N/A |
| 93.767 | Children's Health Insurance Program | Department of Health & Human Services | 90.00 | Direct Assistance Payments | Pre-Issuance | N/A |
| 93.767 | Children's Health Insurance Program | Department of Health & Human Services | 2.00 | Salaries and Other Direct Expenses | Pre-Issuance | N/A |
| 93.778 | Medical Assistance Program | Department of Health & Human Services | 1.00 | Payroll | Pre-Issuance | N/A |
| 93.778 | Medical Assistance Program | Department of Health & Human Services | 2.00 | Administrative costs | Pre-Issuance | N/A |
| 93.778 | Medical Assistance Program | Department of Health & Human Services | 0.00 | Indirect Costs | Pre-Issuance | N/A |
| 93.778 | Medical Assistance Program | Department of Health & Human Services | 97.00 | Assistance Payments | Pre-Issuance | N/A |

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I hereby certify that an authorized State official has certified at least every five years that the "Rounded Days of Clearance" listed in Exhibit 2 of this Treasury-State Agreement:

1. Have been prepared in accordance with the standards provided in 31 CFR 205.20;

2. Accurately represent the flow of Federal funds under the Federal assistance programs to which they apply;

3. Reflect seasonal or other periodic variations in the clearance activities; and,

4. Are auditable.

Date: April 3, 2014

Printed Name: Paul D. Jarvis, Jr.

Certifying Signature: _____ (b) (6) [redacted]

Title: Senior Assistant State Treasurer